



General Assembly

**Substitute Bill No. 5522**

February Session, 2006

\* \_\_\_\_\_ HB05522JUD \_\_\_\_\_ 042806 \_\_\_\_\_ \*

**AN ACT CONCERNING ELECTRIC MARKET STRUCTURE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 13a-126 of the 2006 supplement to the general  
2       statutes is repealed and the following is substituted in lieu thereof  
3       (*Effective from passage*):

4       As used in this section, "public service facility" includes all  
5       privately, publicly or cooperatively owned lines, facilities and systems  
6       for producing, transmitting or distributing communications, cable  
7       television, power, electricity, light, heat, gas, oil, crude products,  
8       water, steam, waste, storm water not connected with highway  
9       drainage and any other similar commodities, including fire and police  
10      signal systems and street lighting systems which directly or indirectly  
11      serve the public. Whenever the commissioner determines that any  
12      public service facility located within, on, along, over or under any land  
13      comprising the right-of-way of a state highway or any other public  
14      highway when necessitated by the construction or reconstruction of a  
15      state highway shall be readjusted or relocated in or removed from such  
16      right-of-way, the commissioner shall issue an appropriate order to the  
17      company, corporation or municipality owning or operating such  
18      facility, and such company, corporation or municipality shall readjust,  
19      relocate or remove the same promptly in accordance with such order;  
20      provided an equitable share of the cost of such readjustment,

21 relocation or removal, including the cost of installing and constructing  
22 a facility of equal capacity in a new location, shall be borne by the  
23 state, except that the state shall not bear any share of the cost of a  
24 project to readjust, relocate or remove any facility, as defined in  
25 subsection (a) of section 16-50i, as amended, used for transmitting  
26 electricity or as an electric trunkline, for an electric distribution  
27 company, as defined in section 16-1 of the 2006 supplement to the  
28 general statutes. The Department of Transportation shall evaluate the  
29 total costs of such a project, including department costs for  
30 construction or reconstruction and electric distribution company costs  
31 for readjusting, relocating or removing such facility, so as to minimize  
32 the overall costs incurred by the state and the electric distribution  
33 company. The electric distribution company may provide the  
34 department with proposed alternatives to the relocation, readjustment  
35 or removal proposed by the department and shall be responsible for  
36 any changes to project costs attributable to adoption of the company's  
37 proposed alternative designs for such project, including changes to the  
38 area of the relocation, readjustment or removal and any incremental  
39 costs incurred by the department to evaluate such alternatives. If such  
40 electric distribution company and the department cannot agree on a  
41 plan for such project, the Commissioner of Transportation and the  
42 chairperson of the Department of Public Utility Control shall, on  
43 request of the company, jointly determine the alternative for the  
44 project. Such equitable share, in the case of or in connection with the  
45 construction or reconstruction of any limited access highway, shall be  
46 the entire cost, less the deductions provided in this section, and, in the  
47 case of or in connection with the construction or reconstruction of any  
48 other state highway, shall be such portion or all of the entire cost, less  
49 the deductions provided in this section, as may be fair and just under  
50 all the circumstances, but shall not be less than fifty per cent of such  
51 cost after the deductions provided in this section. In establishing the  
52 equitable share of the cost to be borne by the state, there shall be  
53 deducted from the cost of the readjusted, relocated or removed  
54 facilities a sum based on a consideration of the value of materials  
55 salvaged from existing installations, the cost of the original installation,

56 the life expectancy of the original facility and the unexpired term of  
57 such life use. When any facility is removed from the right-of-way of a  
58 public highway to a private right-of-way, the state shall not pay for  
59 such private right-of-way, provided, when a municipally-owned  
60 facility is thus removed from a municipally-owned highway, the state  
61 shall pay for the private right-of-way needed by the municipality for  
62 such relocation. If the commissioner and the company, corporation or  
63 municipality owning or operating such facility cannot agree upon the  
64 share of the cost to be borne by the state, either may apply to the  
65 superior court for the judicial district within which such highway is  
66 situated, or, if said court is not in session, to any judge thereof, for a  
67 determination of the cost to be borne by the state, and said court or  
68 such judge, after causing notice of the pendency of such application to  
69 be given to the other party, shall appoint a state referee to make such  
70 determination. Such referee, having given at least ten days' notice to  
71 the parties interested of the time and place of the hearing, shall hear  
72 both parties, shall view such highway, shall take such testimony as  
73 such referee deems material and shall thereupon determine the  
74 amount of the cost to be borne by the state and immediately report to  
75 the court. If the report is accepted by the court, such determination  
76 shall, subject to right of appeal as in civil actions, be conclusive upon  
77 both parties.

78 Sec. 2. Section 16a-7c of the general statutes is amended by adding  
79 subsection (g) as follows (*Effective July 1, 2006*):

80 (NEW) (g) When evaluating submissions pursuant to subsection (f)  
81 of this section for a facility described in subdivision (3) of subsection  
82 (a) of section 16-50i that are in excess of twenty-five megawatts, the  
83 board shall perform a net energy analysis for each proposal. Such  
84 analysis shall include all embodied energy requirements used in the  
85 materials for initial construction of the facility and over the useful  
86 lifetime of the facility. The analysis shall be expressed in a  
87 dimensionless unit as an energy profit ratio of energy generated by the  
88 facility to energy expended in plant construction, maintenance and  
89 total fuel cycle energy requirements over the useful lifetime of the

90 facility. The boundary for both the fuel cycle and materials for the  
91 facility construction and maintenance shall be at both the point of  
92 primary material extraction and include, but not be limited to, such  
93 subsequent steps as transportation, refinement and energy for delivery  
94 to the end consumer. The results of said net energy analysis shall be  
95 included in the results forwarded to the Connecticut Siting Council  
96 pursuant to subsection (f) of this section. For purposes of this  
97 subsection, "net energy" means the heat energy contained in a fuel  
98 minus the energy used to extract the fuel from the environment, refine  
99 it to a socially useful state, and deliver it to consumers, and "embodied  
100 energy" means the total energy used to build and maintain a process,  
101 expressed in calorie equivalents of one type of energy.

102 Sec. 3. Subdivision (1) of subsection (c) of section 16-50p of the 2006  
103 supplement to the general statutes is repealed and the following is  
104 substituted in lieu thereof (*Effective October 1, 2006*):

105 (c) (1) The council shall not grant a certificate for a facility described  
106 in subdivision (3) of subsection (a) of section 16-50i, as amended, either  
107 as proposed or as modified by the council, unless (A) it finds and  
108 determines a public benefit for the facility, and (B) the facility, except  
109 for an electric generating facility that will use nuclear materials as fuel,  
110 will operate with dual fuel capacity.

111 Sec. 4. (*Effective from passage*) Not later than September 1, 2006, the  
112 Department of Public Utility Control shall conduct a contested case  
113 proceeding, in accordance with the provisions of chapter 54 of the  
114 general statutes, to analyze the appropriate number of linemen that are  
115 necessary for an electric distribution company to maintain, repair and  
116 extend its electric distribution lines under normal circumstances and  
117 under extraordinary circumstances, including, but not limited to,  
118 storm conditions. Not later than January 1, 2007, the department shall  
119 submit a report with the results of such analysis to the joint standing  
120 committee of the General Assembly having cognizance of matters  
121 relating to energy in accordance with the provisions of section 11-4a of  
122 the general statutes.

123 Sec. 5. Subsection (a) of section 16-19e of the general statutes is  
124 repealed and the following is substituted in lieu thereof (*Effective*  
125 *October 1, 2006*):

126 (a) In the exercise of its powers under the provisions of this title, the  
127 Department of Public Utility Control shall examine and regulate the  
128 transfer of existing assets and franchises, the expansion of the plant  
129 and equipment of existing public service companies, the operations  
130 and internal workings of public service companies and the  
131 establishment of the level and structure of rates in accordance with the  
132 following principles: (1) That there is a clear public need for the service  
133 being proposed or provided; (2) that the public service company shall  
134 be fully competent to provide efficient and adequate service to the  
135 public in that such company is technically, financially and  
136 managerially expert and efficient; (3) that the department and all  
137 public service companies shall perform all of their respective public  
138 responsibilities with economy, efficiency and care for the public safety,  
139 and so as to promote economic development within the state with  
140 consideration for energy and water conservation, energy efficiency and  
141 the development and utilization of renewable sources of energy and  
142 for the prudent management of the natural environment; (4) that the  
143 level and structure of rates be sufficient, but no more than sufficient, to  
144 allow public service companies to cover their operating costs  
145 including, but not limited to, appropriate staffing levels, and capital  
146 costs, to attract needed capital and to maintain their financial integrity,  
147 and yet provide appropriate protection to the relevant public interests,  
148 both existing and foreseeable which shall include, but not be limited  
149 to, reasonable costs of security of assets, facilities and equipment that  
150 are incurred solely for the purpose of responding to security needs  
151 associated with the terrorist attacks of September 11, 2001, and the  
152 continuing war on terrorism; (5) that the level and structure of rates  
153 charged customers shall reflect prudent and efficient management of  
154 the franchise operation; and (6) that the rates, charges, conditions of  
155 service and categories of service of the companies not discriminate  
156 against customers which utilize renewable energy sources or

157 cogeneration technology to meet a portion of their energy  
158 requirements.

159       Sec. 6. (*Effective from passage*) Not later than September 1, 2006, the  
160 Department of Public Utility Control shall conduct a contested case  
161 proceeding, in accordance with the provisions of chapter 54 of the  
162 general statutes, to determine the most efficacious way to notify the  
163 public regarding an electric power outage and the status of an electric  
164 distribution company's efforts to restore electricity to a particular area  
165 of the state. Not later than January 1, 2007, the department shall submit  
166 a report with the results of such proceeding to the joint standing  
167 committee of the General Assembly having cognizance of matters  
168 relating to energy in accordance with the provisions of section 11-4a of  
169 the general statutes.

170       Sec. 7. (*Effective from passage*) Not later than September 1, 2006, the  
171 Department of Public Utility Control and the Connecticut Siting  
172 Council shall conduct a contested case proceeding, in accordance with  
173 the provisions of chapter 54 of the general statutes, to analyze the  
174 current compliance status of electric generation facilities with on-site  
175 fuel storage requirements, to determine how much fuel storage is  
176 necessary to generate an electric generation facility at peak load for a  
177 forty-eight-hour period, and to analyze what on-site fuel storage  
178 resources are currently available in the state. Not later than January 1,  
179 2007, the department shall submit a report with the results of such  
180 proceeding to the joint standing committee of the General Assembly  
181 having cognizance of matters relating to energy in accordance with the  
182 provisions of section 11-4a of the general statutes.

183       Sec. 8. Section 16-32g of the general statutes is repealed and the  
184 following is substituted in lieu thereof (*Effective October 1, 2006*):

185       Not later than January 1, [1988] 2007, each electric or electric  
186 distribution company shall submit to the Department of Public Utility  
187 Control a plan for the maintenance of poles, wires, conduits or other  
188 fixtures, along public highways or streets for the transmission or

189 distribution of electric current, owned, operated, managed or  
190 controlled by such company, in such format as the department shall  
191 prescribe. Such plan shall include a summary of appropriate staffing  
192 levels necessary for the maintenance of said fixtures and a program for  
193 the trimming of tree branches and limbs located in close proximity to  
194 overhead electric wires where such branches and limbs may cause  
195 damage to such electric wires. The department shall review each plan  
196 and may issue such orders as may be necessary to ensure compliance  
197 with this section. The department may require each electric or electric  
198 distribution company to submit an updated plan at such time and  
199 containing such information as the department may prescribe. The  
200 department shall adopt regulations, in accordance with the provisions  
201 of chapter 54, to carry out the provisions of this section.

202       Sec. 9. (NEW) (*Effective October 1, 2006*) As used in sections 10 to 25,  
203 inclusive, of this act:

204       (1) "Microgrid" means small, locally controlled electric distribution  
205 systems interconnected with electric distribution company facilities;  
206 and

207       (2) "Energy improvement district distributed resources" means one  
208 or more of the following: (A) Customer-side distributed resources, as  
209 defined in section 16-1 of the 2006 supplement to the general statutes;  
210 (B) grid-side distributed resources, as defined in said section 16-1; (C)  
211 combined heat and power systems, as defined in said section 16-1; (D)  
212 Class III renewable energy sources, as defined in said section 16-1; and  
213 (E) microgrids;

214       (3) "Project" means the acquisition, purchase, construction,  
215 reconstruction, improvement or extension of one or more of energy  
216 improvement district distributed resources.

217       Sec. 10. (NEW) (*Effective October 1, 2006*) Any municipality may, by  
218 vote of its legislative body, or, in the case of a municipality in which  
219 the legislative body is a town meeting, its board of selectmen, establish  
220 an energy improvement district within such municipality. The affairs

221 of any such district shall be administered by an Energy Improvement  
222 District Board, comprising not less than five and not more than seven  
223 members. The members of any such board shall be appointed by the  
224 chief elected official of the municipality and shall serve for such term  
225 as the legislative body may prescribe and until their successors are  
226 appointed and have qualified. Vacancies shall be filled by the chief  
227 elected official for the unexpired portion of the term. The members of  
228 each such board shall serve without compensation, except for  
229 necessary expenses.

230       Sec. 11. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
231 District Board shall have power over the planning, development,  
232 funding, building and operation of energy improvement district  
233 distributed resources in its district, except on state or federally owned  
234 properties, with a view to the increase and efficiency, reliability and  
235 the furtherance of commerce and industry in the energy improvement  
236 district. The board shall coordinate its activities with regard to such  
237 resources with relevant state, regional and federal agencies. The board  
238 shall make a thorough investigation of electric distribution system  
239 conditions in the district and such other places as it may deem proper,  
240 and shall prepare a comprehensive plan for the development of energy  
241 improvement district distributed resources in the district. The board  
242 may lease or acquire office space and equip the same with suitable  
243 furniture and supplies for the performance of work of the board, and  
244 may employ such personnel as may be necessary for such  
245 performance. The board also shall have power to:

246       (1) Sue and be sued;

247       (2) Have a seal and alter the same;

248       (3) Confer with any body or official having to do with electric power  
249 distribution facilities within and without the district, and hold public  
250 hearings as to such facilities;

251       (4) Confer with electric distribution companies with reference to the  
252 development of electric distribution facilities in such district and the



253 coordination of the same;

254 (5) Determine the location, type, size and construction of requisite  
255 energy improvement district distributed resources, subject to the  
256 approval of any department, commission or official of the United  
257 States, the state or the municipality where federal, state or municipal  
258 statute or regulation requires it;

259 (6) Own, lease, pledge, encumber, erect, construct, improve,  
260 rehabilitate, make, equip and maintain energy improvement district  
261 distributed resources in the district and for any such purpose acquire  
262 in the name of the Energy Improvement District Board by purchase,  
263 grant, gift or condemnation, except as limited by this section, real  
264 property, including easements therein, lands under water and riparian  
265 rights, and hold, improve, develop, mortgage, pledge, exchange, sell,  
266 convey or otherwise dispose of any such property in such manner as  
267 the board shall determine;

268 (7) Make surveys, maps and plans for, and estimates of the cost of,  
269 the development and operation of requisite energy improvement  
270 district distributed resources and for the coordination of such facilities  
271 with existing agencies, both public and private, with the view of  
272 increasing the efficiency of the electric distribution system in the  
273 district and in the furtherance of commerce and industry in the district;

274 (8) Make contracts and leases, loans and execute all instruments  
275 necessary or convenient to carry out their duties under the provision of  
276 this section, including the lending of proceeds of bonds issued in  
277 accordance with subdivision (9) of this section, to owners, lessees or  
278 occupants of facilities in the energy improvement district;

279 (9) Fix fees, rates, rentals or other charges for the purpose of all  
280 energy improvement district distributed resources owned by the  
281 Energy Improvements District Board and collect such fees, rates,  
282 rentals and other charges for such facilities owned by the board, which  
283 fees, rates, rentals or other charges shall be sufficient to comply with  
284 all covenants and agreements with the holders of any bonds issued

285 pursuant to section 12 of this act;

286 (10) Operate and maintain all energy improvement district  
287 distributed resources owned or leased by the board and use the  
288 revenues from such resources for the corporate purposes of the board  
289 in accordance with any covenants or agreements contained in the  
290 proceedings authorizing the issuance of bonds pursuant to section 12  
291 of this act;

292 (11) Regulate and supervise the construction of all energy  
293 improvement district distributed resources constructed or installed by  
294 any private individual or corporation, and regulate the operation of all  
295 privately owned energy improvement district distributed resources  
296 insofar as such operation may adversely affect the flow of electric  
297 power or the enforcement of approved plans for the development of  
298 energy improvement district distributed resources. The power granted  
299 by this subdivision shall be subject to the rules, regulations or other  
300 directives of any federal or state department, commission or other  
301 agency having jurisdiction and such grant of power shall not operate  
302 to deprive any person or corporation, private or public, of any  
303 property without due process of law;

304 (12) Accept gifts, grants, loans or contributions for the United States,  
305 the state or any agency or instrumentality of either of them, or a person  
306 or corporation, by conveyance, bequest or otherwise, and expend the  
307 proceeds for any purpose of the board and, as necessary, contract with  
308 the United States, the state or any agency or instrumentality of either  
309 of them, to accept gifts, grants, loans or contributions on such terms  
310 and conditions as may be provided by the law authorizing the same;

311 (13) Maintain staff to promote and develop the movement of  
312 commerce through the energy improvement district; and

313 (14) Use the officers, employees, facilities and equipment of the  
314 municipality, with the consent of the municipality, and pay a proper  
315 portion of the compensation or cost.

316       Sec. 12. (NEW) (*Effective October 1, 2006*) (a) An Energy  
317 Improvement District Board may, from time to time, issue bonds  
318 subject to the approval of the legislative body or, in the case of a  
319 municipality in which the legislative body is a town meeting, its board  
320 of selectmen, in the municipality in which the energy improvement  
321 district is located, for the purpose of paying all or any part of the cost  
322 of acquiring, purchasing, constructing, reconstructing, improving or  
323 extending any energy improvement district distributed resources  
324 project and acquiring necessary land and equipment thereof, or for any  
325 other authorized purpose of the board. The board may issue such  
326 types of bonds as it may determine, including, but not limited to,  
327 bonds payable as to principal and interest: (1) From its revenues  
328 generally; (2) exclusively from the income and revenues of a particular  
329 project; or (3) exclusively from the income and revenues of certain  
330 designated projects, whether or not they are financed in whole or in  
331 part from the proceeds of such bonds. Any such bonds may be  
332 additionally secured by a pledge of any grant or contribution from a  
333 participating municipality, the state or any political subdivision,  
334 agency or instrumentality thereof, any federal agency or any private  
335 corporation, copartnership, association or individual, or a pledge of  
336 any income or revenues of the board, or a mortgage on any project or  
337 other property of the board, provided such pledge shall not create any  
338 liability on the entity making such grant or contribution beyond the  
339 amount of such grant or contribution. Whenever and for so long as any  
340 board has issued and has outstanding bonds, the board shall fix,  
341 charge and collect rates, rents, fees and other charges in accordance  
342 with section 14 of this act. Neither the members of the board nor any  
343 person executing the bonds shall be liable personally on the bonds by  
344 reason of the issuance thereof. The bonds and other obligations shall so  
345 state on the face, shall not be a debt of the state or any political  
346 subdivision thereof, except when the board or a participating  
347 municipality which in accordance with section 21 of this act has  
348 guaranteed payment of principal and of interest on the same, and no  
349 person other than the board or such a public body shall be liable  
350 thereon, nor shall such bonds or obligations be payable out of any

351 funds or properties other than those of the board or such a  
352 participating municipality. Such bonds shall not constitute an  
353 indebtedness within the meaning of any statutory limitation on the  
354 indebtedness of any participating municipality. Bonds of the board are  
355 declared to be issued for an essential public and governmental  
356 purpose. In anticipation of the sale of such revenue bonds the board  
357 may issue negotiable bond anticipation notes and may renew the same  
358 from time to time, but the maximum maturity of any such note,  
359 including renewals thereof, shall not exceed five years from the date of  
360 issue of the original note. Such notes shall be paid from any revenues  
361 of the board available therefor and not otherwise pledged, or from the  
362 proceeds of sale of the revenue bonds of the Energy Improvement  
363 District Board in anticipation of which they were issued. The notes  
364 shall be issued in the same manner as the revenue bonds. Such notes  
365 and the resolution or resolutions authorizing the same may contain  
366 any provisions, conditions or limitations which a bond resolution of  
367 the board may contain.

368 (b) An Energy Improvement District Board may issue bonds as  
369 serial bonds or as term bonds, or both. Bonds shall be authorized by  
370 resolution of the members of the authority and shall bear such date or  
371 dates, mature at such time or times, not exceeding fifty years from  
372 their respective dates, bear interest at such rate or rates, or have  
373 provisions for the manner of determining such rate or rates, payable at  
374 such time or times, be in such denominations, be in such form, either  
375 coupon or registered, carry such registration privileges, be executed in  
376 such manner, be payable in lawful money of the United States of  
377 America at such place or places, and be subject to such terms of  
378 redemption, as such resolution or resolutions may provide. The  
379 revenue bonds or notes may be sold at public or private sale for such  
380 price or prices as the Energy Improvement District Board shall  
381 determine. Pending preparation of the definitive bonds, the Energy  
382 Improvement District Board may issue interim receipts or certificates  
383 which shall be exchanged for such definitive bonds.

384 (c) Any resolution or resolutions authorizing any revenue bonds or

385 any issue of revenue bonds may contain provisions, which shall be  
386 part of the contract with the holders of the revenue bonds to be  
387 authorized, as to: (1) Pledging all or any part of the revenues of a  
388 project or any revenue-producing contract or contracts made by the  
389 Energy Improvement District Board with any individual, partnership,  
390 corporation or association or other body, public or private, to secure  
391 the payment of the revenue bonds or of any particular issue of revenue  
392 bonds, subject to such agreements with bondholders as may then exist;  
393 (2) the rentals, fees and other charges to be charged, and the amounts  
394 to be raised in each year thereby, and the use and disposition of the  
395 revenues; (3) the setting aside of reserves or sinking funds or other  
396 funds or accounts as the board may establish and the regulation and  
397 disposition thereof, including requirements that any such funds and  
398 accounts be held separate from or not be commingled with other funds  
399 of the board; (4) limitations on the right of the board or its agent to  
400 restrict and regulate the use of the project; (5) limitations on the  
401 purpose to which the proceeds of sale of any issue of revenue bonds  
402 then or thereafter to be issued may be applied and pledging such  
403 proceeds to secure the payment of the revenue bonds or any issue of  
404 the revenue bonds; (6) limitations on the issuance of additional bonds,  
405 the terms upon which additional bonds may be issued and secured,  
406 the refunding of outstanding bonds; (7) the procedure, if any, by which  
407 the terms of any contract with bondholders may be amended or  
408 abrogated, the amount of bonds the holders of which must consent  
409 thereto, and the manner in which such consent may be given; (8)  
410 limitations on the amount of moneys derived from the project to be  
411 expended for operating, administrative or other expenses of the board;  
412 (9) defining the acts or omissions to act that shall constitute a default in  
413 the duties of the board to holders of its obligations and providing the  
414 rights and remedies of such holders in the event of a default; (10) the  
415 mortgaging of a project and the site thereof for the purpose of securing  
416 the bondholder; and (11) provisions for the execution of  
417 reimbursement agreements or similar agreements in connection with  
418 credit facilities, including, but not limited to, letters of credit or policies  
419 of bond insurance, remarketing agreements and agreements for the

420 purpose of moderating interest rate fluctuations.

421 (d) If any member whose signature or a facsimile of whose  
422 signature appears on any bonds or coupons ceases to be such member  
423 before delivery of such bonds, such signature or such facsimile shall  
424 nevertheless be valid and sufficient for all purposes the same as if he  
425 had remained in office until such delivery. Notwithstanding the  
426 provisions of sections 10 to 25, inclusive, of this act, or any recitals in  
427 any bonds issued under the provisions of this section, all such bonds  
428 shall be deemed to be negotiable instruments under the provisions of  
429 the general statutes.

430 (e) Unless otherwise provided by the ordinance creating the Energy  
431 Improvement District Board, bonds may be issued under the  
432 provisions of this section, without obtaining the consent of the state or  
433 of any political subdivision thereof, and without any other proceedings  
434 or the happening of other conditions or things than those proceedings,  
435 conditions or things which are specifically required by sections 10 to  
436 25, inclusive, of this act.

437 (f) A Energy Improvement District Board may, out of any of any  
438 funds available to it, purchase its bonds or notes. The Energy  
439 Improvement District Board may hold, pledge, cancel or resell such  
440 bonds, subject to and in accordance with agreements with  
441 bondholders.

442 (g) An Energy Improvement District Board shall cause a copy of any  
443 bond resolutions adopted by it to be filed for public inspection in its  
444 office and in the office of the clerk of each participating municipality  
445 and may thereupon cause to be published at least once, in a newspaper  
446 published or circulating in each participating municipality, a notice  
447 stating the fact and date of such adoption and the places where such  
448 bond resolution has been so filed for public inspection and the date of  
449 the first publication of such notice and also stating that any action or  
450 proceeding of any kind or nature in any court questioning the validity  
451 or proper authorization of bonds provided for by the bond resolution,

452 or the validity of any covenants, agreements or contracts provided for  
453 by the bond resolution, shall be commenced not later than twenty days  
454 after the first publication of such notice. If any such notice is published  
455 and if no action or proceeding question the validity or proper  
456 authorization of bonds provided for by the bond resolution referred to  
457 in such notice, or the validity of any covenants, agreements, contracts  
458 provided for by the bond resolution is commenced or instituted not  
459 later than twenty days after the first publication of said notice, then all  
460 residents and taxpayers and owners of property in each participating  
461 municipality and all other persons shall be forever barred and  
462 foreclosed from instituting or commencing any action or proceeding in  
463 any court, or from pleading any defense to any action or proceeding,  
464 questioning the validity or proper authorization of such bonds, or the  
465 validity of such covenants, agreements or contracts, and said bonds,  
466 covenants, agreements and contracts shall be conclusively deemed to  
467 be valid and binding obligations in accordance with their terms and  
468 tenor.

469 (h) Notwithstanding any provision of the general statutes, (1) the  
470 state shall not have any liability or responsibility with regard to any  
471 obligation issued by the board, and (2) no political subdivision of the  
472 state shall have any liability or responsibility with regard to any  
473 obligation issued by the board except as expressly provided by  
474 sections 10 to 25, inclusive, of this act.

475 Sec. 13. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
476 District Board may secure any bonds issued under the provisions of  
477 section 12 of this act by a trust indenture by way of conveyance, deed  
478 of trust or mortgage of any project or any other property of the board,  
479 whether or not financed in whole or in part from the proceeds of such  
480 bonds, or by a trust agreement by and between the board and a  
481 corporate trustee, which may be any trust company or bank having the  
482 powers of a trust company within or without the state or by both such  
483 conveyance, deed of trust or mortgage and indenture or trust  
484 agreement. Such trust indenture or agreement may pledge or assign  
485 any or all fees, rents and other charges to be received or proceeds of

486 any contract or contracts pledged, and may convey or mortgage any  
487 property of the board. Such trust indenture or agreement may contain  
488 such provisions for protecting and enforcing the right and remedies of  
489 the bondholders as may be reasonable and proper and not in violation  
490 of law, including provisions that have been specifically authorized to  
491 be included in any resolution or resolutions of the board authorizing  
492 the issue of bonds. Any bank or trust company incorporated under the  
493 laws of the state may act as depository of the proceeds of such bonds  
494 or of revenues or other moneys and may furnish such indemnifying  
495 bonds or pledge such securities as may be required by the board. Such  
496 trust indenture may set forth rights and remedies of the bondholders  
497 and of the trustee, and may restrict the individual right of action by  
498 bondholders. In addition to the foregoing, such trust indenture or  
499 agreement may contain such other provisions as the board may deem  
500 reasonable and proper for the security of the bondholders. All  
501 expenses incurred in carrying out the provisions of such trust  
502 indenture or agreement may be treated as part of the cost of a project.

503       Sec. 14. (*Effective October 1, 2006*) (a) An Energy Improvement  
504 District Board may fix, revise, charge and collect rates, rents, fees and  
505 charges for the use of and for the services furnished or to be furnished  
506 by each project and to contract with any person, partnership,  
507 association or corporation, or other body, public or private, in respect  
508 thereof. Such rates, rents, fees and charges shall be fixed and adjusted  
509 in respect of the aggregate of rates, rents, fees and charges from such  
510 project so as to provide funds sufficient with other revenues, if any, (1)  
511 to pay the cost of maintaining, repairing and operating the project and  
512 each and every portion thereof, to the extent that the payment of such  
513 cost has not otherwise been adequately provided for, (2) to pay the  
514 principal of and the interest on outstanding revenue bonds of the  
515 board issued in respect of such project as the same shall become due  
516 and payable, and (3) to create and maintain reserves required or  
517 provided for in any resolution authorizing, or trust agreement  
518 securing, such revenue bonds of the board. Such rates, rents, fees and  
519 charges shall not be subject to supervision or regulation by any



520 department, commission, board, body, bureau or agency of this state  
521 other than the board. A sufficient amount of the revenues derived in  
522 respect of a project, except such part of such revenues as may be  
523 necessary to pay the cost of maintenance, repair and operation and to  
524 provide reserves and for renewals, replacements, extensions,  
525 enlargements and improvements as may be provided for in the  
526 resolution authorizing the issuance of any revenue bonds of the board  
527 or in the trust agreement securing the same, shall be set aside at such  
528 regular intervals as may be provided in such resolution or trust  
529 agreement in a sinking or other similar fund which is hereby pledged  
530 to, and charged with, the payment of the principal of and the interest  
531 on such revenue bonds as the same shall become due, and the  
532 redemption price or the purchase price of bonds retired by call or  
533 purchase as therein provided. Such pledge shall be valid and binding  
534 from the time when the pledge is made; the rates, rents, fees and  
535 charges and other revenues or other moneys so pledged and thereafter  
536 received by the board shall immediately be subject to the lien of any  
537 such pledge, without any physical delivery thereof or further act, and  
538 the lien of any such pledge shall be valid and binding as against all  
539 parties having claims of any kind in tort, contract or otherwise against  
540 the board, irrespective of whether such parties have notice thereof.  
541 Neither the resolution nor any trust indenture or agreement by which  
542 a pledge is created need be filed or recorded except in the records of  
543 the board. The use and disposition of moneys to the credit of such  
544 sinking or other similar fund shall be subject to the provisions of the  
545 resolution authorizing the issuance of such bonds or of such trust  
546 agreement. Except as may otherwise be provided in such resolution or  
547 such trust indenture or agreement, such sinking or other similar fund  
548 shall be a fund for all revenue bonds issued to finance a project of such  
549 board without distinction or priority of one over another.

550 (b) All moneys received by the board pursuant to sections 10 to 25,  
551 inclusive, of this act, whether as proceeds from the sale of bonds or as  
552 revenues, shall be deemed to be trust funds to be held and applied  
553 solely as provided pursuant to this section.

554       Sec. 15. (*Effective October 1, 2006*) Any holder of bonds, notes,  
555 certificates or other evidences of borrowing issued under the  
556 provisions of section 12 of this act, or of any of the coupons  
557 appertaining thereto, and the trustee under any trust indenture or  
558 agreement, except to the extent the right may be restricted by such  
559 trust indenture or agreement, may, either at law or in equity, by suit,  
560 action, injunction, mandamus or other proceedings, protect and  
561 enforce any and all rights under the provisions of the general statutes  
562 or granted by sections 10 to 25, inclusive, of this act, or under such  
563 trust indenture or agreement or the resolution authorizing the issuance  
564 of such bonds, notes or certificates, and may enforce and compel the  
565 performance of all duties required by said section or by such trust  
566 indenture or agreement or solution to be performed by the Energy  
567 Improvement District Board or by any officer or agent thereof,  
568 including the fixing, charging and collection of fees, rents and other  
569 charges.

570       Sec. 16. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
571 District Board, in the exercise of its powers granted pursuant to  
572 sections 10 to 25, inclusive, of this act, shall be for the benefit of the  
573 inhabitants of the state, for the increase of their commerce and for the  
574 promotion of their safety, health, welfare, convenience and prosperity,  
575 and as the operation and maintenance of any project which the board  
576 is authorized to undertake constitute the performance of an essential  
577 governmental function, no board shall be required to pay any taxes or  
578 assessments upon any project acquired and constructed by it under the  
579 provisions of said sections. The bonds, notes, certificates or other  
580 evidences of debt issued under the provisions of section 12 of this act,  
581 their transfer and the income therefrom, including any profit made on  
582 the sale thereof, shall at all times be free and exempt from taxation by  
583 the state and by any political subdivision thereof.

584       Sec. 17. (NEW) (*Effective October 1, 2006*) Bonds issued by an Energy  
585 Improvement District Board pursuant to section 12 of this act, shall be  
586 securities in which all public officers and public bodies of the state and  
587 its political subdivisions, all insurance companies, trust companies,

588 banking associations, investment companies and executors,  
589 administrators, trustees and other fiduciaries may properly and legally  
590 invest funds, including capital in their control or belonging to them.  
591 Such bonds shall be securities that may properly and legally be  
592 deposited with and received by any state or municipal officer or any  
593 agency or political subdivision of the state for any purpose for which  
594 the deposit of bonds or obligations is now or may hereafter be  
595 authorized by law.

596       Sec. 18. (NEW) (*Effective October 1, 2006*) For the purpose of aiding  
597 an Energy Improvement District Board and cooperating in the  
598 planning, undertaking, acquisition, construction or operation of any  
599 distributed resource facility, a municipality may (1) acquire real  
600 property in its name for such distributed resource facility or for the  
601 widening of existing roads, streets, parkways, avenues or highways or  
602 for new roads, streets, parkways, avenues or highways to any such  
603 distributed resource facility, or partly for such purposes and partly for  
604 other municipal purposes, by purchase or condemnation in the  
605 manner provided by law for the acquisition of real property by such  
606 municipality, (2) furnish, dedicate, close, vacate, pave, install, grade,  
607 regrade, plan or replan parks, streets, roads, roadways, alleys,  
608 sidewalks or other places which it is otherwise empowered to  
609 undertake, and (3) do all things necessary or convenient to aid and  
610 cooperate in the planning, undertaking, construction or operation of  
611 any such distributed resource facility, and cause services to be  
612 furnished to the board of any character which such municipality is  
613 otherwise empowered to furnish, and to incur the entire expense  
614 thereof.

615       Sec. 19. (NEW) (*Effective October 1, 2006*) A municipality may, by  
616 ordinance, and any other governmental unit shall, without any  
617 referendum or public or competitive bidding, and any person may sell,  
618 lease, lend, grant or convey to an Energy Improvement District Board,  
619 or to permit a board to use, maintain or operate as part of any  
620 distributed resource facility, any real or personal property that may be  
621 necessary or useful and convenient for the purposes of the board and

622 accepted by the board. Any such sale, lease, loan, grant, conveyance or  
623 permit may be made or given with or without consideration and for a  
624 specified or an unlimited period of time and under any agreement and  
625 on any terms and conditions that may be approved by such  
626 municipality, governmental unit or person and that may be agreed to  
627 by the board in conformity with its contract with the holders of any  
628 bonds. Subject to any such contracts with the holders of bonds, the  
629 board may enter into and perform any and all agreements with respect  
630 to property so purchased, leased, borrowed, received or accepted by it,  
631 including agreements for the assumption of principal or interest or  
632 both of indebtedness of such municipality, governmental unit or  
633 person or of any mortgage or lien existing with respect to such  
634 property or for the operation and maintenance of such property as part  
635 of any energy improvement district distributed resources facility.

636       Sec. 20. (NEW) (*Effective October 1, 2006*) A municipality,  
637 governmental unit or person may enter into and perform any lease or  
638 other agreement with any Energy Improvement District Board for the  
639 lease or other agreement with any municipality, governmental unit or  
640 person of all or any part of any energy improvement district  
641 distributed resource facility or facilities. Any such lease or other  
642 agreement may provide for the payment to the board by such  
643 municipality, governmental unit or person, annually or otherwise, of  
644 such sum or sums of money, computed at fixed amount or by any  
645 formula or in any other manner, as may be so fixed or computed. Any  
646 such lease or other agreement may be made and entered into for a  
647 term beginning currently or at some future or contingent date and  
648 with or without consideration and for a specified or unlimited time  
649 and on any terms and conditions which may be approved by such  
650 municipality, governmental unit or person and which may be agreed  
651 to by the board in conformity with its contract with the holders of any  
652 bonds, and shall be valid and binding on such municipality,  
653 governmental unit or person whether or not an appropriation is made  
654 thereby prior to authorization or execution of such lease or other  
655 agreement. Such municipality, governmental unit or person shall do

all acts and things necessary, convenient or desirable to carry out and perform any such lease or other agreement entered into by it and to provide for the payment or discharge of any obligation thereunder in the same manner as other obligations of such municipality, governmental unit or person.

Sec. 21. (NEW) (*Effective October 1, 2006*) For the purpose of aiding an Energy Improvement District Board and cooperating in the planning, undertaking, acquisition, construction or operation of any distributed resource facility, a municipality, by ordinance or by resolution of its legislative body, shall have power from time to time and for such period and upon such terms, with or without consideration, as may be provided by such resolution or ordinance and accepted by the board, (1) to appropriate moneys for the purposes of the board, and to loan or donate such money to the board in such installments and upon such terms as may be agreed upon with the board, (2) to covenant and agree with the board to pay to or on the order of the board annually or at shorter intervals as a subsidy for the promotion of its purposes not more than such sums of money as may be stated in such resolution or ordinance or computed in accordance therewith, (3) upon authorization by it in accordance with law of the performance of any act or thing which it is empowered by law to authorize and perform and after appropriation of the moneys, if any, necessary for such performance, to covenant and agree with the board to do and perform such act or thing and as to the time, manner and other details of its doing and performance, and (4) to appropriate money for all or any part of the cost of acquisition or construction of such facility, and, in accordance with the limitations and any exceptions thereto and in accordance with procedure prescribed by law, to incur indebtedness, borrow money and issue its negotiable bonds for the purpose of financing such distributed resource facility and appropriation, and to pay the proceeds of such bonds to the board.

Sec. 22. (NEW) (*Effective October 1, 2006*) For the purpose of aiding an Energy Improvement District Board in the planning, undertaking, acquisition, construction or operation of any distributed resource

690 facility, a participating municipality may, pursuant to resolution  
691 adopted by its legislative body in the manner provided for adoption of  
692 a resolution authorizing bonds of such municipality and with or  
693 without consideration and upon such terms and conditions as may be  
694 agreed to by and between the municipality and the board,  
695 unconditionally guarantee the punctual payment of the principal of  
696 and interest on any bonds of the board and pledge the full faith and  
697 credit of the municipality to the payment thereof. Any guarantee of  
698 bonds of the board made pursuant to this section shall be evidenced by  
699 endorsement thereof on such bonds, executed in the name of the  
700 municipality and on its behalf by such officer thereof as may be  
701 designated in the resolution authorizing such guaranty, and such  
702 municipality shall thereupon and thereafter be obligated to pay the  
703 principal of and interest on said bonds in the same manner and to the  
704 same extent as in the case of bonds issued by it. As part of the  
705 guarantee of the municipality for payment of principal and interest on  
706 the bonds, the municipality may pledge to and agree with the owners  
707 of bonds issued under this chapter and with those persons who may  
708 enter into contracts with the municipality or the board or any  
709 successor agency pursuant to the provisions of this chapter that it will  
710 not limit or alter the rights thereby vested in the bond owners, the  
711 board or any contracting party until such bonds, together with the  
712 interest thereon, are fully met and discharged and such contracts are  
713 fully performed on the part of the municipality or the board, provided  
714 nothing in this subsection shall preclude such limitation or alteration if  
715 and when adequate provisions shall be made by law for the protection  
716 of the owners of such bonds of the municipality or the board or those  
717 entering into such contracts with the municipality or the board. The  
718 board is authorized to include this pledge and undertaking for the  
719 municipality in such bonds or contracts. To the extent provided in  
720 such agreement or agreements, the obligations of the municipality  
721 thereunder shall be obligatory upon the municipality and the  
722 inhabitants and property thereof, and thereafter the municipality shall  
723 appropriate in each year during the term of such agreement, and there  
724 shall be available on or before the date when the same are payable, an

725 amount of money that, together with other revenue available for such  
726 purpose, shall be sufficient to pay such principal and interest  
727 guaranteed by it and payable thereunder in that year, and there shall  
728 be included in the tax levy for each such year in an amount that,  
729 together with other revenues available for such purpose, shall be  
730 sufficient to meet such appropriation. Any such agreement shall be  
731 valid, binding and enforceable against the municipality if approved by  
732 action of the legislative body of such municipality. Any such guaranty  
733 of bonds of the board may be made, and any resolution authorizing  
734 such guaranty may be adopted, notwithstanding any statutory debt or  
735 other limitations, but the principal amount of bonds so guaranteed  
736 shall, after their issuance, be included in the gross debt of such  
737 municipality for the purpose of determining the indebtedness of such  
738 municipality under subsection (b) of section 7-374 of the general  
739 statutes. The principal amount of bonds so guaranteed and included in  
740 gross debt shall be deducted and is declared to be and to constitute a  
741 deduction from such gross debt under and for all the purposes of said  
742 subsection (b) of section 7-374, (1) from and after the time of issuance  
743 of said bonds until the end of the fiscal year beginning next after the  
744 completion of acquisition and construction of the distributed resource  
745 facility to be financed from the proceeds of such bonds, and (2) during  
746 any subsequent fiscal year if the revenues of the board in the preceding  
747 fiscal year are sufficient to pay its expenses of operation and  
748 maintenance in such year and all amounts payable in such year on  
749 account of the principal and interest on all such guaranteed bonds, all  
750 bonds of the municipality issued as provided in this section and all  
751 bonds of the Energy Improvement District Board issued under section  
752 12 of this act.

753 Sec. 23. (NEW) (*Effective October 1, 2006*) Any lease or other  
754 agreement, and any instruments making or evidencing the same, may  
755 be pledged or assigned by the board to secure its bonds and thereafter  
756 may not be modified except as provided by the terms of such  
757 instrument or by the terms of such pledge or assignment.

758 Sec. 24. (NEW) (*Effective October 1, 2006*) All property of an Energy

759 Improvement District Board shall be exempt from levy and sale by  
 760 virtue of an execution and no execution or other judicial process shall  
 761 issue against the same nor shall any judgment against the board be a  
 762 charge or lien upon its property, provided nothing in this section shall  
 763 apply to or limit the rights of the holder of any bonds to pursue any  
 764 remedy for the enforcement of any pledge or lien given by the board  
 765 on its facility revenues or other moneys.

766 Sec. 25. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
 767 District Board and the municipality in which any property of the board  
 768 is located may enter into agreements with respect to the payment by  
 769 the board to such municipality of annual sums of money in lieu of  
 770 taxes on such property in such amount as may be agreed upon  
 771 between the board and the municipality. The board may make, and the  
 772 municipality may accept, such payments and apply them in the  
 773 manner in which taxes may be applied in such municipality, provided  
 774 no such annual payment with respect to any parcel of such property  
 775 shall exceed the amount of taxes paid thereon for the taxable year  
 776 immediately prior to the time of its acquisition by the board.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	13a-126
Sec. 2	<i>July 1, 2006</i>	16a-7c
Sec. 3	<i>October 1, 2006</i>	16-50p(c)(1)
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>October 1, 2006</i>	16-19e(a)
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>October 1, 2006</i>	16-32g
Sec. 9	<i>October 1, 2006</i>	New section
Sec. 10	<i>October 1, 2006</i>	New section
Sec. 11	<i>October 1, 2006</i>	New section
Sec. 12	<i>October 1, 2006</i>	New section
Sec. 13	<i>October 1, 2006</i>	New section
Sec. 14	<i>October 1, 2006</i>	New section
Sec. 15	<i>October 1, 2006</i>	New section



Sec. 16	<i>October 1, 2006</i>	New section
Sec. 17	<i>October 1, 2006</i>	New section
Sec. 18	<i>October 1, 2006</i>	New section
Sec. 19	<i>October 1, 2006</i>	New section
Sec. 20	<i>October 1, 2006</i>	New section
Sec. 21	<i>October 1, 2006</i>	New section
Sec. 22	<i>October 1, 2006</i>	New section
Sec. 23	<i>October 1, 2006</i>	New section
Sec. 24	<i>October 1, 2006</i>	New section
Sec. 25	<i>October 1, 2006</i>	New section

***ET***        *Joint Favorable Subst.*

***PD***        *Joint Favorable*

***FIN***       *Joint Favorable*

***TRA***       *Joint Favorable*

***JUD***       *Joint Favorable*